

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 INRE-00 SSO-00 NSCE-00 PM-04

NSC-05 SP-02 SS-15 L-03 CIAE-00 INR-07 NSAE-00 TRSE-00

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O 181700Z FEB 76

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC NIACT IMMEDIATE 3747

DOD WASHDC

INFO USMTM DHAHRAN

AMCONSUL DHAHRAN IMMEDIATE

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DOD FOR AMC, ISA, DSAA

E.O. 11652: N/A

TAGS: MASS, MARR, SA, US

SUBJECT: PRINCE ABDULLAH PROSCRIBES ALL AGENTS' FEES IN
GUARD MODERNIZATION

REF: (A) SECDEF 031941Z FEB 76

(B) STATE 33234 (110039Z FEB 76)

1. DCM HORAN ACCOMPANIED BY SANG PROGRAM MANAGER GENERAL LAWRENCE AND INTERPRETER NAJIB NAJAAR CALLED ON SAUDI ARABIAN NATIONAL GUARD (SANG) COMMANDER, SECOND DUPUTY PM PRINCE ABDULLAH WEDNESDAY FEB 18. DCM SAID SOME QUESTIONS HAD ARISEN RE AGENTS' FEES THAT MIGHT AFFECT IMPLEMENTATION OF SANG MODERNIZATION CONTRACT. HE THEN READ GENERAL FISH'S LETTER TO PRINCE, (REF B) AND PRESENTED HIM WITH COPY OF TRANSLATION.

2. PRINCE ABDULLAH REPLIED THAT NO AGENT'S FEES OF ANY KIND WERE PERMITTED OR SHOULD BE PAYED ON ANY ASPECT OF SANG PROGRAM. BAN ON AGENTS' FEES WAS TOTAL AND COMPREHENSIVE. THIS WAS NOT ONLY HIS POSITION WITH REGARD TO SANG, BUT --

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FROM HAVING ATTENDED THE COUNCIL OF MINISTERS' MEETING
WHEN THIS ISSUE WAS DISCUSSED -- IT WAS ALSO HIS UNDER-

STANDING THE BAN WAS GOVERNMENT WIDE AND SIMILARLY TOTAL. ON BEING QUESTIONED ON THIS LATTER STATEMENT, PRINCE ABDULLAH SAID HE WAS ONLY GIVING HIS OPINION AND WAS NOT SPEAKING AUTHORITATIVELY FOR MINISTRIES AND INSTITUTIONS OTHER THAN THE NATIONAL GUARD.

3. PRINCE ABDULLAH SAID THAT IF AGENTS WERE MAINTAINING THAT PRINCE FAHD SAID SOMETHING TO A BEIRUT NEWSPAPER, THEY SHOULD ASK PRINCE FAHD THEMSELVES WHAT WAS SAID. THE PRINCE DID NOT THINK BEIRUT NEWSPAPERS STORIES COULD BE TAKEN AS AUTHORITATIVE EXPRESSIONS OF SAG POLICY. PRINCE ADDED THAT NO DISTINCTION COULD BE MADE IN ANY CASE BETWEEN SERVICES/ ARMS AND EQUIPMENT. IF YOU GAVE LAWYERS AND AGENTS THAT MUCH OF AN OPENING THEY WOULD CONFOUND THE ISSUES BY THEIR SUBTLE DISTINCTIONS TO THE POINT WHERE ANYTHING WOULD AGAIN BE PERMITTED. HE REPEATED AGAIN THAT HE WOULD NOT RPT NOT AGREE TO ANY PAYMENTS TO AGENTS, COMMISSION BROKERS OR MIDDLEMEN IN CONNECTION WITH SANG MODERNIZATION PROGRAM.

4. DCM THANKED PRINCE ABDULLAH FOR HIS CLEAR AND HELPFUL GUIDANCE. GENERAL LAWRENCE TOLD PRINCE THAT IMPLEMENTATION OF THESE VIEWS WOULD RETURN SIGNIFICANT SUMS, IN EXCESS OF 3.5 MILLION DOLLARS, TO OTHER ASPECTS OF SANG MODERNIZATION PROGRAM. THIS WOULD BE ADDITION TO SIGNIFICANT SUMS THAT HAVE ALREADY BEEN RETURNED AS A RESULT OF PREVIOUS CLEAR BAN ON AGENTS' FEES ON EQUIPMENT SALES. DCM TOLD PRINCE ABDULLAH THAT HE WOULD REPORT HIS VIEWS TO WASHINGTON AND THAT WE WOULD APPRECIATE RECEIVING A WRITTEN REPLY TO GENERAL FISH'S LETTER AS SOON AS IT WAS CONVENIENT TO HIS ROYAL HIGHNESS.

5. COMMENT: PRINCE ABDULLAH'S POSITION MAY HAVE THE EFFECT OF PUTTING A FLOOR UNDER OTHER MINISTRIES AS THEY ARE REQUIRED TO DEAL WITH SIMILAR QUESTIONS. WE DOUBT IF, DURING FUTURE COUNCIL OF MINISTERS DISCUSSIONS, PRINCE ABDULLAH WILL KEEP TO HIMSELF GENERAL FISH'S LETTER AND HIS OWN FORTHRIGHT AND HIGH MINDED REPLY.
PORTER

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